

Sullivan County NH

Type of Meeting: Sullivan County Full Delegation
Date / Time: June 4, 2007 / 9:00 am
Place: Sullivan County Commissioners' Conference
Room

Participants

Representatives: Peter Franklin (Chair), Ray Gagnon (Vice-Chair), Ellen Nielsen (Clerk), John Cloutier, Larry Converse, Arthur Jillette, Sue Gottling, Carla Skinder, and Beverly Rodeschin

Commissioners: Ethel Jarvis and Ben Nelson

Public Participants: none

Press: Aaron Aldrich from the *Eagle-Times*

The meeting was called to order by Rep. Franklin at 9:15 am. This meeting was a continuation of the recessed meeting of May 21, 2007.

Agenda Review:

The agenda was to consist of a continued discussion of the county financial situation, with reports from the nursing home administrator and the county manager. No formal changes were made, although neither Mr. Wojtkiewicz nor Mr. Gil de Rubio was present at the meeting.

Minutes of May 14, 2007:

These minutes had been tabled at the meeting of 5/21, as not all members of the delegation had had a chance to read them. Rep. Converse moved that these minutes now be accepted; Rep. Gottling seconded this motion. The minutes were accepted by a vote of all representatives except Rep. Jillette who abstained because he had not attended the meeting.

Minutes of May 21, 2007:

Rep. Converse moved that these minutes be accepted, and Rep. Cloutier seconded this motion. The minutes were accepted, with Rep Skinder abstaining because she had not attended the meeting.

Review of County Finances:

Rep Franklin asked Rep. Cloutier to check with the office staff to find out if Mr. Wojtkiewicz or Mr. Gil de Rubio would be able to attend this meeting and learned that both were at a staff meeting at the nursing home in Unity and would not be able to meet with the delegation. There was a discussion about whether or not the nursing home administrator and the county manager should be required to attend delegation meetings if requested to do so by the delegation. Rep. Skinder pointed out that most medical facilities do have staff meetings on Monday mornings and that it is difficult to re-schedule such meetings.

Rep. Gottling said that she was struggling to understand the MS-42 (a synopsis of the Commissioners' proposed 2007-2008 budget) and wanted to know how it is related to the actual budget document. Commissioner Jarvis stated that after studying the document carefully, she has concluded that the Estimated Revenue figures in Column 3 are not correct and that the figures appear to be those for the previous fiscal year, 2006-2007. Rep. Franklin proposed that, in the absence of the County Manager, we ask the bookkeeper, Ms. Dodi Violette, to explain the relationship between the MS-42 and the full budget document. Rep. Gagnon suggested that the delegation should ask the commissioners to make this request of Ms. Violette.

Commissioner Jarvis went to the outer office to make the request. When Commissioner Jarvis returned, she explained that Ms. Violette had been told by Mr. Gil de Rubio not to talk directly with the delegation. Rep. Rodeschin reminded the delegation that the previous delegation had voted that all budget questions should go through the county manager. Mr. Franklin responded that this vote does not bind the present delegation.

Rep. Rodeschin asked questions regarding the role of the Executive Finance Committee in the budget deliberations. Rep. Franklin stated that, as an ex-officio member he has attended some but not all of the EFC meetings, and he has concerns about whether or not the EFC has fully participated in deliberations about the current budget. Rep. Cloutier agreed to discuss these concerns with Rep. Ferland, the chair of the EFC. Rep. Rodeschin said that she thinks the clerk of the delegation, Rep. Nielsen, should attend the EFC meetings (Rep. Nielsen no longer is a member of the EFC) and take minutes.

Rep. Franklin said that the current financial situation of the county appears to be precarious. He noted that on April 16, 2007, the commissioners had arranged a \$2,000,000 line of credit and at this time the county appears to have borrowed \$1,512,000 against this line of credit. He said that at the May 21 meeting, Mr. Graham, the accountant had stated that he estimated that the County had borrowed \$650,000, and would be able to pay back about \$250,000 before the end of the fiscal year. Instead, the county borrowed an additional \$512,000 on May 24 and since then has borrowed another \$350,000. Rep. Franklin doubts that any of the loan can be repaid this fiscal year and said he believes the debt will be carried into fiscal 2007-2008, but this indebtedness does not appear in the MS-42.

Rep. Franklin pointed out that the delegation has no information about how much money is presently owed to Genesis, and that we don't know the salary of the nursing home administrator, and that this information is needed for planning the 2007-2008 budget. Commissioner Nelson responded that the county manager was still negotiating with Genesis about the amount which would be owed to them, and that the delegation had received a lot of information from the nursing home administrator and the county manager on May 14, and from the accountant, Mr. Graham, on May 21. Commissioner Nelson stated that the county's borrowing involved short-term loans against anticipated revenue, which may not come in before July 1, and that more short-term borrowing should be anticipated until taxes come due in December.

Rep. Gagnon said that we are hearing that the county does not end up with a fund balance at the end of the fiscal year and that this leads to a cycle of borrowing. He reminded the delegation that Mr. Graham has already told us that to get out of the cycle, the county must increase taxes or cut spending, and Rep. Gagnon does not want to increase taxes. He believes the county needs to create a budget that works toward the goal of creating a fund balance.

A general discussion among the representatives about the idea of a fund balance followed Rep. Gagnon's suggestion. It was noted that many towns, including Newport, do maintain fund balances, and that the Department of Revenue Administration recommends but does not require that municipal and county governments maintain a fund balance to cover unexpected expenses. The recommended amount is between 5% and 10% of the total budget. In the case of Sullivan County, the fund balance should be at least \$1,000,000. Sullivan County may have a fund balance of \$364,264, but it is not clear where this money is located. Representatives agreed that it would be desirable to plan for a fund balance in the 2007-2008 fiscal year. Rep. Rodeschin agreed to do some research about the feasibility of sponsoring legislation that would require counties to maintain a fund balance.

Several representatives pointed out that, in order to create a fund balance in the current budget without raising taxes, it will be necessary to make budget cuts. Rep. Franklin explained the budget process: department heads make requests to the county manager, who submits proposals to the commissioners, who consult with the Executive Finance Committee and then with the delegation. The budget can be modified at any point during this process. Commissioner Jarvis agreed that the commissioners' proposed budget should be cut, and thinks that the Capital Improvement Fund should be cut. Commissioner Nelson pointed out that budget planning is complicated by the fact that because while expenses are immediate, the revenue often arrives in the next fiscal year. Flexibility is needed for contingencies. Rep. Rodeschin said that the State deals with this problem by shifting line items within a departmental budget—for instance, when state troopers are paid for overtime work, the funds may come from elsewhere in the Department of Safety budget.

The delegation appeared to reach a consensus that the 2007-2008 Sullivan County budget is a work in progress, and that cuts need to be made in an effort to reduce debt and work toward a balanced budget which includes maintaining a fund balance of at least 5% of the total budget to pay for unexpected expenses.

Next steps:

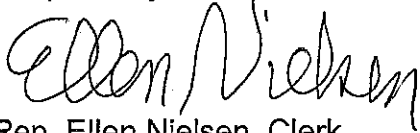
The delegation members asked to receive copies of the commissioners' proposed budget and the revenue and expense summaries for May. Copies of the budget were available immediately but the revenue and expense summaries won't be available until June 7. Rep. Cloutier agreed to talk with Rep. Ferland, the chair of the EFC, about the concerns and issues raised at this meeting. Rep. Gottling asked the commissioners if it would be necessary to borrow more money. Commissioner Jarvis said the County probably would need to borrow \$350,000 to cover the mid-June payroll.

In order to continue the deliberations on the 2007-2008 budget, three public meetings were planned. The delegation already had scheduled the public hearing on the commissioners' proposed budget. A follow-up delegation meeting was scheduled, as well as the County Convention. Here is the proposed timetable:

- Continuation of recessed full delegation meeting—Monday, June 11 at 9:00 am. The time may be changed to 1:00 pm, if necessary, to accommodate Mr. Gil de Rubio and Mr. Wojtkiewicz. The location will be either at the Ahern building in Unity or at the Commissioners' conference room, whichever is available.
- Public hearing on the commissioners' proposed budget— Tuesday, June 12 at 7:00 pm at the Sugar River Tech Center in Claremont.
- Sullivan County Convention—Friday, June 29 at 10:00 am at the Lou Thompson Room in the Tech Center in Newport, to be preceded by an EFC meeting at 9:00 am.

Rep. Gottling moved that this meeting be recessed, to meet again at the call of the chair. Rep. Converse seconded the motion, and the motion was carried by a vote of 8 to 1.

Respectfully submitted,



Rep. Ellen Nielsen, Clerk